# TENNESSEE REAL ESTATE COMMISSION MINUTES July 11, 2007

The Tennessee Real Estate Commission convened on July 11, 2007 at 9:00 a.m., in Room 160, Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee. The following Commission Members were present: Chairman Charles Haynes, Vice Chairman William (Bear) Stephenson, Commissioner Gary Cunningham, Commissioner Isaac Northern, Commissioner Grover Collins, Commissioner Carol Tate, Commissioner Wendell Alexander, and Commissioner David Flitcroft. Commissioner Adren Greene was absent. Others Present: Donna Hancock, Interim Executive Director, Ryan Bane, Staff Attorney, and Kelly McDermott, Administrative Secretary.

### **Election of the Chairman and Vice-Chairman**

Commissioner Alexander made a motion to re-elect Charles Haynes as Chairman and William "Bear" Stephenson as Vice-Chairman of the Tennessee Real Estate Commission; seconded by Commissioner Cunningham; Motion Carried.

The first order of business was the adoption of the agenda (Exhibit 1) for the July 2007 Commission meeting. Commissioner Alexander made a motion to adopt the agenda; seconded by Commissioner Collins; Motion Carried.

The next order of business was the approval of the minutes from the June 2007 meeting (Exhibit 2). Commissioner Alexander made a motion to approve the minutes from June 2007; seconded by Commissioner Collins; Motion Carried.

#### **Informal Applicant Conferences**

Jodi Pomaikai Villa, applicant, failed to appear.

Luis Felipe Correa, applicant by reciprocity, appeared before the Commission to request licensure as a broker and secure a firm license by reciprocity with Florida. Mr. Correa disclosed to the Commission two (2) felony convictions of Carrying a Concealed Firearm (1982) and Trafficking of Cocaine (1989). Commissioner Flitcroft made a motion to approve Mr. Correa's broker license and firm license after Mr. Correa passes the Tennessee state broker examination; seconded by Commissioner Collins; Vote: 4 Yes, 3 No, Chairman Haynes abstained; Motion Carried.

## Education Report: Dr. Kathy Riggs, Education Director

Dr. Riggs presented courses for Commission evaluation (Exhibit 3). Vice-Chairman Stephenson made a motion to approve all courses; seconded by Commissioner Tate; Motion Carried.

Dr. Riggs presented instructors for review (Exhibit 4).

- Keith M. Mitchell Mr. Mitchell has not completed the Instructor Training and does not have Designation(s) to substitute. Vice-Chairman Stephenson made a motion to approve; seconded by Commissioner Cunningham; Motion Carried.
- Randall Bedwell Commissioner Collins made a motion to approve; seconded by Vice-Chairman Stephenson; Motion Carried.

Dr. Riggs presented the quarterly report on the Pass/Fail Ratios at Real Estate Schools (**Exhibit 5**). There was a review of the statistics, and a discussion was held outlining procedures that may be taken by the Commission to track and improve test scores. Commissioner Cunningham suggested that Dr. Riggs include in the next TREC newsletter an article including the test scores of schools with 50 or more test takers. Chairman Haynes stated that no action should be taken at this time.

#### Informal Applicant Conferences, continued

**Enoghayin O. Ebizugbe, applicant,** appeared before the Commission with his Principal Broker Nail Shakir. Mr. Ebizugbe previously appeared before the Commission on January 10, 2007, disclosing a conviction for Aiding in the Preparation of Fraudulent Tax Returns in 2002. He was advised that provided he paid his court fine in full within six (6) months, he could request another review and meeting with the Commission, concerning approval for an Affiliate Broker license. Mr. Ebizugbe provided written proof to the Commission that all fines had been paid in full. **Commissioner Northern made a motion to approve; seconded by Commissioner Tate; Vote: 5 Yes, 3 No; Motion Carried.** 

Marcus J. Payne, applicant, appeared before the Commission with his Principal Broker Alex Walker to request approval to retest and reapply for an Affiliate Broker license. Mr. Payne disclosed to the Commission a felony conviction for Aggravated Burglary (2001). Commissioner Northern made a motion to approve; seconded by Commissioner Collins; Motion Carried.

Jimmy Wayne Martindale, applicant, appeared before the Commission with his Principal Broker Keith Moffitt to request licensure approval for an Affiliate Broker license. Mr. Martindale disclosed to the Commission a felony conviction for Sale of Marijuana Over ½ Ounce and a misdemeanor conviction of Sale of Marijuana of Marijuana Under ½ Ounce (1987). Commissioner Alexander made a motion to approve; seconded by Vice-Chairman Stephenson; Motion Carried.

Mark Matchett, applicant by reciprocity, appeared before the Commission to request licensure as a broker by reciprocity with Florida. Mr. Matchett disclosed to the Commission four misdemeanor convictions. Mr. Matchett had three (3) convictions for Petit Larceny and one (1) conviction for Destruction of Property Less than \$1000.00 (1995). Commissioner Collins made a motion to approve; seconded by Commissioner Flitcroft; Motion Carried.

Richard Glover, applicant, appeared with his Principal Broker Jason Farmer to request approval for an Affiliate Broker license. Mr. Glover disclosed to the Commission a conviction for Possession of Cocaine in November 2006. Mr. Glover presented paperwork from his lawyer and probation officer regarding the First Offenders Act stating that Mr. Glover was actually placed on Criminal Diversion. Upon successful completion of probation, he may be exonerated of the offense and the conviction may be expunged. Commissioner Flitcroft made a motion to deny, however, Mr. Glover will be allowed to reappear before the Commission to request licensure approval upon completion of his probation; seconded by Commissioner Alexander; Motion Carried.

Tiffany Marciae Henley, applicant, appeared before the Commission to request approval for an Affiliate Broker license. Commissioner Carol Tate is Ms. Henley's Principal Broker. Ms. Henley appeared before the Commission in July 2006 and was denied because she had not completed her probation. Ms. Henley has now completed her probation. Commissioner Cunningham made a motion to approve; seconded by Vice-Chairman Stephenson; Motion Carried; Commissioner Tate abstained.

The Commission recessed for lunch at 11:45 a.m. and reconvened at 1:15 p.m.

Joe Ben Arney, applicant, appeared before the Commission to request approval for an Affiliate Broker license. Mr. Arney appeared before the Commission at the June 2007 Commission meeting and was told he could reappear in July 2007 if all issues are resolved with the Contractors Board. Mr. Arney disclosed to the Commission two complaints filed against him with the Tennessee Board of Contractors and stated that he surrendered his Contractor's license thereby closing or dismissing the complaints. Commissioner Northern made a motion to approve; seconded by Commissioner Tate; Motion Carried.

Duke Blevins, designated agent for Brother's Cove Log Cabin Rentals, appeared before the Commission to request that the Commission consider allowing the firm to reapply for a Vacation Lodging Service license. Mr. Bill Severence, Accounting Manager for Brother's Cove, also appeared. The license for Brother's Cove expired on 12/31/2006 and a new application was filed with TREC on June 11, 2007. Question 13 of the Vacation Lodging Service application was answered "no". Question 13 asks if any complaints have ever been filed against the firm, any owner, partner, officer, employee or member. Brother's Cove has two closed complaints and one pending complaint with TREC, therefore, question 13 was answered incorrectly. Vice-Chairman Stephenson made a motion to issue a Consent Order for \$5000.00 (\$500.00 per month penalty for unlicensed activity for the months of January, February, March, and April 2007 and a penalty of \$1000.00 per month for the months of May, June, and July 2007; seconded by Commissioner Collins; Motion was opened to discussion; Commissioner Cunningham made an amendment to the original motion to issue a Consent Order for \$7,000 (\$1,000.00 per month for 7 months of unlicensed activity); seconded by Commissioner Alexander. There was a roll call vote on the motion as amended; Vote: 5 Yes, 3 No; Motion as Amended Carried. There was a voice vote on the original motion made by Vice-Chairman

Stephenson and seconded by Commissioner Collins; Vote: Unanimous; Motion Carried.

#### <u>Licensee/Applicant Requests</u>

Michael Minnis, former licensee and new applicant, appeared before the Commission with his Principal Broker James McCarthy to request that the Commission approve his new application. Mr. Minnis was issued a Consent Order for revocation on 12/07/2000. Mr. Minnis signed the certified letter receipt on 12/12/2000, however, the Consent Order was not signed and returned. His license expired on 12/31/2000. Upon reapplication, Mr. Minnis answered "no" to Question 4 which asks the applicant if he/she has ever had a complaint filed against them by any regulatory board. Commissioner Northern made a motion to deny; seconded by Commissioner Alexander; Commissioner Flitcroft Voted No; Motion Carried.

Stephanie Davis-Morse, former licensee and new applicant, requested that the Commission consider her request to retest and reapply. Ms. Davis-Morse's license was revoked at the August 2002 Formal E&O hearing. A letter from Ms. Davis-Morse explaining the circumstances regarding her failure to attend the Formal Hearing was presented to the Commission. Commissioner Alexander made a motion to deny her request for reapplication, however, Ms. Morse-Davis may address the original Consent Order if she chooses to appear before the Commission at a later time; seconded by Commissioner Cunningham; Motion Carried.

Jim Randall Tribble, licensee 299189, requested a waiver of the 50-mile rule. Commissioner Collins made a motion to approve; seconded by Commissioner Tate; Motion Carried.

Christi J. Stallings, licensee 303839, requested a waiver of the 50-mile rule. Commissioner Collins made a motion to approve; seconded by Commissioner Tate; Motion Carried.

Michael Craddock, licensee 273630, requested a waiver of the 50-mile rule. Commissioner Collins made a motion to approve; seconded by Commissioner Tate; Motion Carried.

Brenda J. O'Donnell, licensee 311587, requested a waiver of the 50-mile rule. Commissioner Collins made a motion to approve; seconded by Commissioner Tate; Motion Carried.

Thomas Edward Barnes III, licensee 312797, requested a waiver of the 50-mile rule. Commissioner Cunningham made a motion to approve; seconded by Vice-Chairman Stephenson; Motion Carried.

Felicia Nunley, applicant, requested a waiver of the 50-mile rule. Commissioner Alexander made a motion to defer the request until additional documentation is received at the Commission; seconded by Commissioner Collins; Motion Carried.

Commissioner Flitcroft made a motion that the licensees present for continuing education for reinstatement may return to the meeting the next day at 1:30 p.m.

since interviews for the Executive Director position are being held in the morning; seconded by Commissioner Northern; Motion Carried.

## **Executive Director's Report - Donna Hancock, Interim Executive Director**

Ms. Hancock presented the following information to the Commission for review:

- Complaint Statistics Report (Exhibit 6) TREC has a total of 444 open complaints. There are 48 new complaints since the June meeting. There are 368 complaints in the legal department and 76 open complaints in the TREC office awaiting response. The total number of closed complaints for the current Fiscal Year is 282.
- O Policy discussion for E&O non-compliance There was a discussion concerning disciplinary measures that may be taken against licensees who have not complied with the Commission's Errors & Omissions policy. Chairman Haynes suggested that staff attorney Ryan Bane draft a policy (Exhibit 7) stating that a Consent Order will be sent to the Principal Broker for \$1000.00 per uninsured licensee in the firm.
- Discussion of East Tennessee Commission meeting There was a discussion of accommodations and venues for the East Tennessee Commission meeting. Vice-Chairman Stephenson and Commissioner Flitcroft will visit some facilities in the Knoxville area and report back to staff.
- Longevity Award Program There was a discussion regarding possible venues for the Longevity Award breakfast.
- TREC Manuals At the June 2007 meeting, it was suggested by Commissioner Cunningham that TREC mail the manuals to new licensees when we mail their new license. After discussing this possibility with General Services, Ms. Hancock read an email from DeAnn Demonbreun (Exhibit 8) to the Commission stating that General Services does not have the ability to mail the manual with the license to new licensees. General Services advised Ms. Hancock that they cannot do a mixed media mailing. It was decided that the new manuals should be printed in November or December if the new rule and 2007 law changes have been made.
- Mississippi Real Estate Commission Ms. Hancock read to the Commission two letters (Exhibit 9) from Cindy Rice Grissom of Rice Insurance concerning an issue regarding Mississippi not accepting Tennessee's two year E&O Policy for applicants applying for a Mississippi license by reciprocity with Tennessee. There was a discussion of possible solutions to this issue. Chairman Haynes suggested that the discussion be deferred until the next day to explore administrative options.
- Legislative Recommendation Process 2008 (Exhibit 10) There was a discussion of possible recommendations for law changes that require legislative action. Currently TREC requires that licensees send their renewal payment

sixty days prior to their expiration date. Ms. Hancock suggested that this law be removed because it is not enforceable under the staggered renewal cycle. Staff attorney Ryan Bane agreed and made another suggestion, that the law regarding disciplinary actions that may be taken against Principal Brokers be modified so that the Commission may enforce new policies addressing failure to supervise affiliates. Vice-Chairman Stephenson made a motion that Ms. Hancock and Mr. Bane be granted the authority to compile the recommendations for law changes requiring legislative action and forward them on to Assistant Commissioner Sullivan; seconded by Commissioner Collins; Motion Carried.

Travel Policy – Ms. Hancock presented to the Commission the travel policy for 2008 for the Department of Commerce and Insurance (Exhibit 11). The ARELLO regional conference in New Orleans was discussed. Chairman Haynes will be representing the Commission at the ARELLO regional conference.

The Commission recognized Ms. Hancock's service as Interim Executive Director of TREC.

Commissioner Northern suggested that administrative changes be made to the process for transferring licenses and upgrading and downgrading Principal Brokers thereby servicing the licensees more efficiently.

The Tennessee Real Estate Commission recessed at 4:20 p.m.

## TENNESSEE REAL ESTATE COMMISSION MINUTES July 12, 2007

The Tennessee Real Estate Commission reconvened on July 12, 2007 at 9:00 a.m., in Room 160, Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee. The following Commission Members were present: Chairman Charles Haynes, Vice Chairman William (Bear) Stephenson, Commissioner Gary Cunningham, Commissioner Grover Collins, Commissioner Wendell Alexander, and Commissioner David Flitcroft. Commissioner Adren Greene, Commissioner Issac Northern, and Commissioner Carol Tate were absent. Vice-Chairman William (Bear) Stephenson left the meeting at 11:30 a.m. Others present: Donna Hancock, Interim Executive Director, Ryan Bane, Staff Attorney and Kelly McDermott, Administrative Secretary.

#### **Interviews for Executive Director**

The following applicants for the Executive Director position were interviewed by the Commission in the following order:

- Eve Maxwell
- o Ronald "Ronnie" Moore
- Ruth Fennell

The next order of business was to adopt the Policy for Lapsed Errors and Omissions Insurance, Policy # 07-002. Commissioner Collins made a motion to adopt the policy as presented by Staff Attorney Ryan Bane; seconded by Commissioner Alexander; Motion Carried.

The next order of business was to readdress the issue involving Mississippi not accepting Tennessee's two year E&O Policy for applicants applying for a Mississippi license by reciprocity with Tennessee. Commissioner Cunningham made a motion that Ms. Hancock and Mr. Bane be granted the authority to work with Cindy Rice Grissom to resolve the issue in a manner that is both favorable to Tennessee and Mississippi; seconded by Vice-Chairman Stephenson; Motion Carried.

The next order of business was to select an Executive Director for TREC. Ms. Eve Maxwell was selected as the Commission's choice for Executive Director of the Tennessee Real Estate Commission. Ms. Eve Maxell received five (5) votes and Ms. Ruth Fennell received one (1) vote. Commissioner Flitcroft made a motion that the Commissioner Collins; Motion Carried. There was a discussion of the salary for the Executive Director. Commissioner Collins made a motion to compensate the Executive Director with an annual salary of \$55,000. There will be a performance review after six (6) months. After the review, Ms. Maxwell may receive a salary increase of up to \$5000.00 for a maximum annual salary of \$60,000 contingent upon approval from Assistant Commissioner Sullivan; seconded by Commissioner Flitcroft; Motion Carried.

Commissioner Alexander made a motion that Ms. Hancock research the unpaid reimbursement to Chairman Haynes and Vice-Chairman Stephenson for the ARELLO trip to Canada; seconded by Commissioner Collins; Motion Carried.

The Commission recessed for lunch at 11:30 a.m. and reconvened at 1:00 p.m.

The next order of business was the presentation of the legal report by Staff Attorney, Rvan Bane.

## <u>Legal Report, Ryan Bane, Staff Attorney (Exhibit 12)</u>

- ➤ 2006028701- Commissioner Collins made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
- ➤ 2006037662 & 2006037661 Commissioner Flitcroft made a motion to dismiss; seconded by Commissioner Collins; Motion Carried.
- ➤ 2007054741 Commissioner Flitcroft made a motion to issue a Consent Order for \$500.00 to the Affiliate Broker and a complaint should be initiated against the Principal Broker; seconded by Commissioner Collins; Commissioner Alexander abstained; Motion Carried.

- 2005030061 Commissioner Collins made a motion to dismiss; seconded by Commissioner Flitcroft; Motion Carried.
- 2006000961 Commissioner Collins made a motion to dismiss; seconded by Commissioner Cunningham; Motion Carried.
- ➤ 2006002641 & 2006002642 Commissioner Collins made a motion to issue a Consent Order with a civil penalty of \$2,000.00 to the Principal Broker and also issue a Consent Order with a civil penalty of \$1,000.00 to the Affiliate Broker; seconded by Commissioner Flitcroft; Motion opened for discussion; Commissioner Alexander made an amendment to the motion that TREC should, in addition to the penalty, flag the file of the Affiliate Broker and the Principal Broker; seconded by Commissioner Flitcroft; Motion as amended Carried. Original Motion Carried.
- 2006003081 & 2006003082 Commissioner Flitcroft made a motion to dismiss; seconded by Commissioner Cunningham; Motion opened to discussion; Commissioner Flitcroft amended his motion to issue a Consent Order requiring both the Affiliate Broker and Principal Broker complete a course in contract writing or appear for a formal hearing; seconded by Commissioner Alexander; Amendment Passed; Motion as Amended Passed.
- > 2006001381 Commissioner Collins made a motion to dismiss; seconded by Commissioner Cunningham; Motion Carried.
- 2006015022 & 2006015021 Commissioner Collins made a motion to send a letter of warning for possible improper conduct; seconded by Commissioner Alexander; Motion Carried.
- 2006012381 Commissioner Flitcroft made a motion to close pending the outcome of litigation; seconded by Commissioner Alexander; Motion Carried.
- ➤ 2006019702 & 2006019701 Commissioner Alexander made a motion to send a letter of warning to the Affiliate Broker and Principal Broker concerning obeying the instructions of the client in regards to the listing price; seconded by Commissioner Cunningham; Motion Carried.
- > 2006018773 & 2006018772 & 2006018771 Commissioner Collins made a motion to dismiss; seconded by Commissioner Flitcroft; Motion Carried.
- 2006010181 Commissioner Alexander made a motion to defer until Commissioner Cunningham reviews the complaint; seconded by Commissioner Collins; Motion Carried.
- ➤ 2006015541 Commissioner Alexander made a motion to issue a Consent Order with a civil penalty of \$3,000.00 to the Principal Broker and a Consent

- Order with a civil penalty of \$2,000.00 to the Affiliate Broker; seconded by Commissioner Flitcroft; Motion Carried.
- 2006015531 Commissioner Collins made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
- 2006015121 & 2006015122 Commissioner Collins made a motion to dismiss the complaint as to the licensed Respondent and send a letter of warning to the unlicensed Respondent if she is located; seconded by Commissioner Flitcroft; Motion Carried.
- 2006029711 Commissioner Alexander made a motion to issue a Consent Order with a civil penalty of \$1,000.00; Motion failed for lack of second; Commissioner Collins made a motion to flag Respondent's file if reapplication occurs have Respondent appear before the Commission to address the conviction; seconded by Commissioner Alexander; Motion Carried. Commissioner Flitcroft made a motion to initiate a complaint against the Principal Broker for failure to supervise; seconded by Commissioner Collins; Motion Carried. Ryan Bane advised the Commission that the Respondent was in fact the Principal Broker and therefore it was not necessary to initiate a complaint against the Principal Broker. Commissioner Flitcroft withdrew his motion to initiate a complaint against the Principal Broker; Commissioner Collins withdrew his second; Motion Withdrawn.
- > 2006020282 & 2006020281 Commissioner Alexander made a motion to defer to the August 2007 Commission meeting; seconded by Commissioner Collins; Motion Carried.
- 2006020331 Commissioner Alexander made a motion to issue a Consent Order with a civil penalty of \$1,000.00 to the Affiliate Broker and to issue a Consent Order with a civil penalty of \$1,000 to the Principal Broker. TREC should also initiate a complaint against the Principal Broker; seconded by Commissioner Flitcroft; Motion Carried.
- ➤ 2006021322 & 2006021321 Commissioner Collins made a motion to dismiss; seconded by Commissioner Alexander; Motion Failed; Commissioner Collins made a motion to defer; seconded by Commissioner Alexander; Motion Carried.
- 2006021911 Commissioner Alexander made a motion to send a letter of warning concerning misleading advertising; seconded by Commissioner Alexander; Motion Carried. Commissioner Flitcroft made a motion that a letter of warning concerning misleading advertising also be sent to the Principal Broker; seconded by Commissioner Alexander; Motion Carried.
- > 2006028651 Commissioner Alexander made a motion to dismiss; seconded by Commissioner Collins; Motion Carried.

- 2006028641 Commissioner Flitcroft made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
- 2006028611 Commissioner Cunningham made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
- ➤ 2006029971 Commissioner Alexander made a motion to deny the request to dismiss and issue a Consent Order with a civil penalty of \$1,000.00 to the firm and a Consent Order with a civil penalty of \$1000.00 to the Principal Broker; seconded by Commissioner Flitcroft; Motion Carried.
- > 2006025291 Commissioner Flitcroft made a motion to dismiss; seconded by Commissioner Collins; Motion Carried
- ➤ 2006029691 Commissioner Alexander made a motion to defer and send an auditor to the firm to secure the agency disclosure form from the transaction; seconded by Commissioner Flitcroft; Motion Carried.
- 2006027471 Commissioner Collins made a motion to send a letter of warning concerning the duty of reasonable skill and care and the required disclosure of adverse facts; seconded by Commissioner Alexander; Motion Carried.
- ➤ 2006036621 Commissioner Flitcroft made a motion to dismiss; seconded by Commissioner Collins; Motion Carried.
- > 2006034211 Commissioner Alexander made a motion to close pending outcome of litigation; seconded by Commissioner Flitcroft; Motion Carried.
- 2006038971 Commissioner Alexander made a motion to close and flag file to address this matter if reapplication occurs; seconded by Commissioner Cunningham; Motion Carried; Ryan Bane explained that the firm has reapplied for licensure; Commissioner Alexander rescinded his original motion; Commissioner Alexander made a motion to defer and send an auditor to the firm and have them audit the firm's escrow account; seconded by Commissioner Flitcroft; Motion Carried. Commissioner Alexander made a motion that the firm may not be licensed until the auditor report is presented to the Commission or if the auditor does not find any violations then the firm may be licensed without being presented to the Commission; seconded by Flitcroft; Motion Carried.
- 2006036401 Commissioner Alexander made a motion to dismiss; seconded by Commissioner Cunningham; Motion Carried
- 2006035221 Commissioner Alexander made a motion to send a letter of warning to the Affiliate Broker and the Principal Broker concerning reasonable skill and care; seconded by Commissioner Collins; Motion Carried.

2006035251 – Commissioner Collins made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
2007051071- Commissioner Collins made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
2006032781 – Commissioner Collins made a motion to dismiss; seconded by Commissioner Alexander; Motion Carried.
The next order of business was to adopt the Policy on Reinstatement of an Expired License, Policy # 07-001 (Exhibit 13). Commissioner Alexander made a motion to adopt Policy # 07-001; seconded by Commissioner Collins; Motion Carried.
Comments from Attendees
Chairman Haynes called for comments from the attendees.
Licensees who attended the Commission meeting in order to obtain continuing education credits appeared before the Commission and gave statements regarding what they had learned from the meeting.
Chairman Haynes adjourned the Commission Meeting July 12, 2007 at
4:15 p.m.
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